

# INFORMATION LETTER

Not for  
Publication

NATIONAL CANNERS ASSOCIATION

For Members  
Only

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May 29, 1952

## N.C.A. Offsets Adverse Price Publicity With Letters to Congress, Press Release

To offset possible effects of some of the misleading newspaper publicity accorded the recent permissible markup granted certain food wholesalers, Henry P. Taylor, the N.C.A. witness in Congressional hearings considering price suspension, has written a special letter to the chairmen of the Senate and House Committees on Banking and Currency.

Newspaper accounts of the Office of Price Stabilization's Amendment 13 to CPR 14 carried headlines and statements to the effect that canned food prices at retail would, as a result, rise "from one to two cents a can." Mr. Taylor's letter to the Banking Committees points out that the size of the distributor markup does not determine prices consumers pay, but that instead, these are ultimately controlled by the supplies available and the willingness of the consuming public to pay the asking price. The letter stated that nothing in the OPS wholesale action affects the situation reported to the Committees with respect to the need and justification for suspension of price controls on canned foods. Following is the text of the letter:

OPS has just authorized an increase in the markup of certain canned fruits and vegetables stating that distributors needed the increase because of low earnings. Some newspaper accounts have given the impression that consumer prices of canned foods will increase as a result of this action.

Consumers have been buying most canned fruits and vegetables for the past year at prices considerably below OPS ceilings. This is because the supplies of canned fruits and vegetables have been and continue to be large enough to create a competitive situation that forces sellers to take less than their ceilings for their products. So long as this situation continues it will be the factor that de-

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### Information Letter Schedule

Because of the Memorial Day holiday, it was necessary to close the deadline on this issue of the INFORMATION LETTER more than 24 hours earlier than usual. Every effort has been made to report all of the week's developments as of press-time.

### CPR 15-CPR 16—Foods at Retail

Slight increases in markups for certain "dry groceries" are authorized for food retailers under Amendment 14 to CPR 15 and Amendment 14 to CPR 16, issued by OPS May 28 and effective June 2. The amendments do not permit increases for the major canned fruits and vegetables.

In the 14 grocery categories covered by the amendments are the following canned foods: Canned fruits (except fruit cocktail, pineapple, peaches, and pears); canned vegetables (except corn, green beans, peas, tomatoes, and tomato juice); processed fish (except tuna and salmon); and jams, jellies, pickles, and relishes.

At a press conference Wednesday, OPS stated that the permissible markups on the 14 grocery categories average 1.4 percent. However, OPS estimated that because of the supply situation only 70 percent of the canned foods covered in the amendments would advance in price.

### Heavy Carloading

Service Order 878, prescribing minimum carloading requirements for canned foods and other packaged foodstuffs, has been extended by the Interstate Commerce Commission through November 30. The order was scheduled to expire May 31 (see INFORMATION LETTER of June 16, 1951, page 233).

## Senate Debates Bill Extending Defense Production Act

The Senate on May 29 opened debate on S. 2594, amending and extending the Defense Production Act.

As reported by the Senate Committee on Banking and Currency May 27, the bill would extend the price and wage control powers provided for in the Act until February 28, 1953.

The remaining powers, including those over priorities and allocations, expansion of productive capacity and supply, control of consumer and real estate credit, and authority to requisition and condemn, would be extended by the bill until June 30, 1953.

Two new provisions of major interest to canners are contained in the Senate bill, the first dealing with the question of price suspension or decontrol, and the second making certain changes in the Walsh-Healey Public Contracts Act which may prove to be of material benefit to canners.

By limiting itself to a general declaration of policy in respect to the use

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### Price Relief Applications for Canners of White Potatoes

In response to requests from canners of white potatoes for ceiling price adjustment, the Office of Price Stabilization will analyze information submitted by the industry as a basis for need for adjustment.

In order to make it possible for canners voluntarily to supply OPS with this information as soon as possible, N.C.A. arranged this week to obtain and mail copies of OPS Survey Form No. S-37 to all canners of white potatoes. This form, when completed and returned to OPS, will provide industry data on the basis of which OPS will be able to determine if any adjustment can be made.

Although return of the form is voluntary, there appears to be no other method by which canners of white potatoes can obtain ceiling price adjustment promptly. Prompt action by OPS has been requested by canners in areas where 1952 packing operations have begun.

## STATISTICS

### Canned Fruit and Vegetable Stocks and Shipments

Reports on canners' stocks and shipments of canned apples, apple sauce, red pitted cherries, green and wax beans, lima beans, beets, carrots, corn, peas, tomatoes, and tomato juice have been compiled by the N.C.A. Division of Statistics, and detailed reports have been mailed to all canners packing these items.

#### Canned Apple Stocks and Shipments

	1951-52 (basis 6/10)
Carryover, Aug. 1.....	1,953,263
Pack.....	3,388,249
Total supply.....	5,341,512
Stocks, May 1.....	2,092,806
Shipments during April.....	271,916
Shipments, Aug. 1 to May 1.....	3,248,706

#### Apple Sauce Stocks and Shipments

	1951-52 (actual cases)
Carryover, Aug. 1.....	3,497,089
Pack.....	9,380,851
Total supply.....	12,877,940
Stocks, May 1.....	4,299,459
Shipments during April.....	951,559
Shipments, Aug. 1 to May 1.....	8,578,481

#### RSP Cherry Stocks and Shipments

	1950-51 (actual cases)	1951-52
Carryover, July 1.....	30,332	29,950
Pack.....	5,022,951	4,672,041
Total supply.....	5,053,283	4,701,991
Stocks, May 1.....	173,903	416,933
Shipments during April.....	256,030	209,328
Shipments, July 1 to May 1.....	4,879,380	4,285,058

#### Green and Wax Bean Stocks and Shipments

	1950-51 (actual cases)	1951-52
Carryover, July 1.....	1,619,626	1,395,850
Pack.....	20,213,355	19,866,974
Total supply.....	21,832,981	21,262,824
Stocks, May 1.....	3,036,163	4,530,317
Shipments during April.....	1,359,233	1,350,505
Shipments, July 1 to May 1.....	18,796,818	10,732,504

#### Lima Bean Stocks and Shipments

	1950-51 (actual cases)	1951-52
Carryover, Aug. 1.....	1,069,265	707,447
Pack.....	3,591,173	3,278,361
Total supply.....	4,660,438	3,985,808
Stocks, May 1.....	1,372,769	1,295,515
Shipments, Feb. 1 to May 1.....	1,170,795	783,725
Shipments, Aug. 1 to May 1.....	3,287,669	2,690,293

#### Canned Beet Stocks and Shipments

	1950-51 (actual cases)	1951-52
Carryover, July 1.....	829,736	1,471,122
Pack.....	8,483,371	8,415,252
Total supply.....	9,313,107	9,886,374
Stocks, May 1.....	2,333,272	2,984,597
Shipments, March 1 to May 1.....	1,366,646	1,123,328
Shipments, July 1 to May 1.....	6,979,835	6,901,777

#### Canned Carrot Stocks and Shipments

	1950-51 (actual cases)	1951-52
Carryover, July 1.....	528,533	848,201
Pack.....	1,704,614	2,048,747
Total supply.....	2,233,147	2,886,948
Stocks, May 1.....	688,641	444,154
Shipments, March 1 to May 1.....	858,642	817,942
Shipments, July 1 to May 1.....	1,644,606	1,942,794

#### Canned Corn Stocks and Shipments

	1950-51 (actual cases)	1951-52
Carryover, Aug. 1.....	6,466,680	373,375
Pack.....	21,645,243	30,188,540
Total supply.....	28,111,923	30,561,915
Stocks, May 1.....	2,830,814	3,794,190
Shipments during April.....	1,684,200	1,828,882
Shipments, Aug. 1 to May 1.....	25,281,109	26,767,725

#### Canned Pea Stocks and Shipments

	1950-51 (actual cases)	1951-52
Carryover, June 1.....	2,141,400	1,110,783
Pack.....	32,725,536	37,837,387
Total supply.....	34,866,936	38,948,170
Stocks, May 1.....	2,298,400	6,311,178
Shipments during April.....	1,171,844	2,157,398
Shipments, June 1 to May 1.....	32,508,536	32,636,902

#### Tomato Juice Stocks and Shipments (Excluding California)

	1951-52 (actual cases)
Stocks, excluding Calif., April 1.....	5,674,897
Shipments, excluding Calif., during April.....	1,181,778
Stocks, excluding Calif., May 1.....	4,693,119

Figures which have been supplied by the Canners League of California are not available for May 1 and will not be available until the July 1 report.

#### Canned Tomato Stocks and Shipments (Excluding California)

	1951-52 (actual cases)
Stocks, excluding Calif., April 1.....	2,421,273
Shipments, excluding Calif., during April.....	753,751
Stocks, excluding Calif., May 1.....	1,667,522

Figures which have been supplied by the Canners League of California are not available for May 1 and will not be available until the July 1 report.

### Canned Baby Food Stocks

Details of the canned baby food supply, stock and shipment situation are reported by the N.C.A. Division of Statistics as follows:

	1950-51 (thousands of dozens)	1951-52
Canner stocks, Jan. 1.....	62,453	57,522
Pack, Jan. through April.....	38,798	35,994
Supply.....	101,251	93,516
Canner stocks, May 1.....	58,375	47,155
Canner shipments, April.....	9,194	10,066
Canner shipments, Jan. through April.....	42,876	46,361

## HOME ECONOMICS

### Professional Journal Accepts Ad for N.C.A. Recipe Book

The American School Food Service Association has accepted an advertisement for the N.C.A. school lunch recipe book as the first advertisement ever to appear in its professional publication, *American School Food Service News*.

The N.C.A. advertisement calls attention to the availability of the Home Economics Division's *School Lunch Recipes Using Canned Foods—25-50 Servings*, which was especially prepared for use in the government-sponsored school lunch program. The book also is used in preparing meals for children in schools which are not participating in the government program.

In the past, the *American School Food Service News* has carried no advertising. However, the N.C.A. felt that this official, professional publication would be an excellent medium through which to notify the members of the availability of the canned foods recipe booklet, and permission to place an advertisement with them was requested.

The executive board of the newsletter met and accepted the N.C.A. advertisement as the first to appear in the publication. In announcing the decision, the executive board stated in a front-cover article in the May issue:

"At the April board meeting it was decided to invite those companies approved by the Standards Committee to advertise in the *Newsletter*. This month we are publishing the first advertisement, the National Canners Association, on page 15. It is placed so the coupon can be cut without removing any reading matter. Be sure to read and take advantage of this advertisement."

The N.C.A. school lunch recipe book is used not only in school lunch programs but also as part of the training program in most states in summer workshops for managers, supervisors, and cooks of school lunch rooms. The N.C.A. recipe book is offered for use and distribution in the schools.

Some 9,400,000 children are participating in the National School Lunch Program during the 1951-52 school year. Most of the food is purchased locally. During the 1951-52 school year, schools in the federal program spent \$350 millions.

## LABELING

### Canners Service Wholesalers With N.C.A. Labeling Manual

The N.C.A. labeling manual, *Modern Labels for Canned Foods*, has been found by canners to be useful not only to themselves but also to their food buyers who own private brand name labels.

Some canners are following a plan which will serve their own interests as well as those of their buyers by placing copies of the labeling manual in buyers' hands, so that they will understand the value of using standardized descriptive labeling terms.

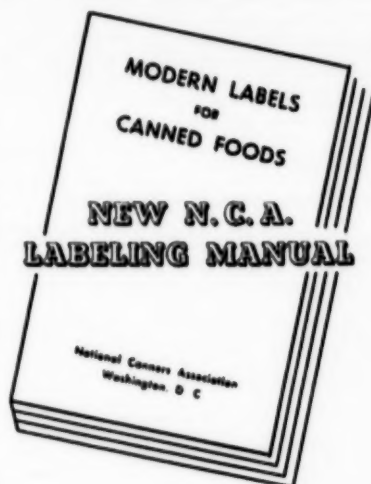
These canners have found that the gift of a copy of the N.C.A. labeling manual to their food buyers who own private brand labels is a service greatly appreciated by the buyers—once the use of the manual has been made clear to them.

The canners have reported to N.C.A. that they found it good business to show an interest in their buyers' merchandising by supplying them copies of the manual, leaving through the manual with them, and showing how various pages apply to the canned foods the buyer distributes, including products not sold to them by the individual canner.

The N.C.A. labeling manual, issued last fall and now in the hands of all canners, several hundred wholesale grocers and many food brokers, is the standard reference book on labeling for the canned foods industry.

The manual is a compilation of requirements under the Food and Drug Act and of additional information that may be added voluntarily to canned food labels in the interest of consumers. Much of this additional information consists of labeling terms that will assist consumers in selecting the canned foods they prefer. These terms are recommended by the N.C.A. Labeling Committee in its descriptive labeling program and have been endorsed by the associations representing the distributive trades.

Canners are buying quantities of the manual from N.C.A. and, as a service to their buyers and in the interest of their own businesses, are placing each copy in an inexpensive binder marked with a statement to the effect: "This binder for the N.C.A. labeling manual is being loaned to the . . . Grocery Company by the . . . Canning Company."



The binder containing the manual is taken to the buyer on a personal visit and is discussed with him. The purpose of the "loan" of the binder is to keep alive the canner's contact with his buyer. He follows this up by arranging to obtain from N.C.A. extra copies of supplementary sheets for the manual as these become available, and forwards them to each of his buyers with a personal note. Later, if he wishes to be relieved of the responsibility of keeping these manuals up to date, he may ask N.C.A. to place the names of his buyers on the regular "Manual Mailing List."

Each canner has been supplied one copy of the manual, *Modern Labels for Canned Foods*, by N.C.A. Additional copies may be purchased from N.C.A. at a net cost of \$1.25 a copy.

### Defense Production Act

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to be made of the price and wage stabilization powers, the Senate Committee indicated its unwillingness to endorse any price suspension formula of automatic application. S. 2594 contains only the following language dealing with suspension of price controls:

#### Suspension of Controls

Sec. 411. It is hereby declared to be the policy of the Congress that the President shall use the price, wage, and other powers conferred by this Act, as amended, to promote the earliest practicable balance between production and the demand therefor of materials and services, and that the general control of wages and prices shall be terminated as rapidly as possible consistent with the policies and purposes set forth in this Act; and

that pending such termination, in order to avoid burdensome and unnecessary reporting and record keeping which retard rather than assist in the achievement of the purposes of this Act, price or wage regulations and orders, or both, shall be suspended in the case of any material or service or type of employment where such factors as condition of supply, existence of below ceiling prices, historical volatility of prices, wage pressures and wage relationships, or relative importance in relation to business costs or living costs will permit, and to the extent that such action will be consistent with the avoidance of a cumulative and dangerous unstabilizing effect. It is further the policy of the Congress that when the President finds that the termination of the suspension and the restoration of ceilings on the sales or charges for such material or service, or the further stabilization of such wages, salaries, and other compensation, or both, is necessary in order to effectuate the purposes of this Act, he shall by regulation or order terminate the suspension.

Since the Committee has limited itself to a declaration of policy rather than prescribing an automatically operative price suspension standard, the proposed Section 411 will not necessarily require the Office of Price Stabilization to suspend ceilings on any particular products. As a statutory expression of the Congressional intent in respect to the continuation of price ceilings, however, it may prove itself useful in future industry dealings with the agency. In theory, at least, it provides a policy background against which agency action or inaction in the area of price suspension must be set. Canners might note the extent to which the suspension criteria expressed in the policy declaration conform to the facts of canned food marketing conditions as contained in the canning industry statements before the Senate and House Committees.

#### Walsh-Healey Public Contracts Act

S. 2594 as reported by the Senate Committee also contains provisions amending and amplifying the Walsh-Healey Public Contracts Act. Since these provisions are not subject to the termination provisions of the Defense Production Act, the proposed changes would, if enacted, be of permanent application.

The first of these changes involves the substitution of new and more inclusive language for the present clause of Section 9 of the Act which prescribes the so-called "open market" exemption. The present language, which has been construed by the Labor Department to limit the exemp-



tion to a narrowly restricted class of government purchases, would be replaced by the following clause:

"This act shall not apply to purchases of such materials, supplies, articles, or equipment of standard type and construction as are usually sold in the open market to purchasers generally, regardless of the method of procurement used by the Government."

It is probable that this language would be interpreted to provide for the complete exemption of many canned food purchases from the requirement that the Walsh-Healey Act stipulations be included in the contract of purchase.

A further Committee-approved amendment to the Public Contracts Act would extend the availability of judicial review of Labor Department orders, determinations, rules, and formal interpretations under the Act to parties doing business with the government. Earlier court decisions, such as the *Lukens Steel Company* case, had severely limited the right of government contractors to obtain court review of Labor Department rulings and determinations by declaring that the government had an unrestricted and unreviewable power to fix the terms under which it makes its purchases.

### Adverse Price Publicity

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termines the prices consumers pay regardless of OPS action.

The consumer's dollar is divided between the distributor and the canner who supply the canned foods. Under normal conditions the distributor gets as much of the consumer's dollar as competitive conditions will justify. Under price control, distributors are allowed a fixed percentage. Now that the OPS has permitted distributors to take a larger bite out of the consumer's dollar it remains to be seen whether or not distributors can collect.

The size of the distributor markup does not determine prices consumers pay. Those prices are determined by the supplies available to satisfy a consumer demand, and the willingness of the consuming public to pay the asking price. Since those supplies are now and from current indications are likely to continue large, no alteration of distributor markups by OPS is likely to change the overall picture with respect to prices consumers have to pay. Although this action may result in some temporary adjustments in the price situation, in the final analysis the large supply situation will assert itself with consumer prices being determined accordingly.

This regulation, therefore, amounts to permission granted by OPS to take a larger percentage of the consumer's retail dollar with a correspondingly smaller percentage to go to the canner.

The BLS reported yesterday that retail prices of canned fruits and vegetables are considerably lower than a year earlier, and also are lower than those reported a month ago.

We are supplying this information to your committee because we wish to make it clear that there is nothing in the recent OPS action that affects the situation as reported to you at the hearing on March 11/May 16, 1952, with respect to the need and justification for suspension of price controls on canned foods.

### N.C.A. Press Release

The N.C.A. also released to all wire services and metropolitan dailies a press release showing that the latest Bureau of Labor Statistics index at both wholesale and retail showed canned fruits and vegetables considerably lower than a year earlier and also lower than the index reported last month. Following is the text of this press release:

Washington, D. C. (May 23, 1952) —The latest price indexes issued by the Bureau of Labor Statistics show a decline in canned fruit and vegetable prices at both wholesale and retail levels. The downward trend at the wholesale level is considered significant by the National Canners Association here since wholesale price trends are usually reflected some time later at retail counters.

The latest BLS consumer price index (for April 15), reports a decline of 0.4 point from a month ago for canned fruits and vegetables. The index is now 5.4 points below that

of a year ago. N.C.A. points out that this is in marked contrast to the trend BLS reports for the cost-of-living index. The cost-of-living index went up 0.7 from a month ago and is now 4.1 points higher than last year. Food prices, other than canned, went up even more sharply, the index rising 2.5 points last month to a level of 4.8 above last year.

With a downward trend in the canned fruit and vegetable index occurring while the cost of living index was rising, the spread between the two increased from 15 points a year ago to 25.2 now.

The cost of living, according to BLS, is now nearly 90 percent above prewar (1935-39 averaged). One-third of this cost of living is for food.

The consumer cost of canned fruits and vegetables is today 63.5 percent above prewar while for other foods the consumer is now paying 133.8 percent more.

### OPS Correction

During the week the OPS Press Section issued a correction of its original press release on the wholesale markup adjustment. The sixth paragraph of press release OPS-O-877, concerning wholesale grocery prices and scheduled for release to morning papers of Tuesday, May 20, is corrected to read as follows:

"OPS estimated that the result would be to raise the possible net earnings before taxes of wholesalers by *three-tenths of one percent* and to raise only slightly the retail prices of the canned fruits and vegetables receiving the higher markups."

The original release erroneously used the figure "three-fourths of one percent."

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